

## DEPARTMENT OF FINANCE BILL ANALYSIS

**AMENDMENT DATE:** June 22, 2010  
**POSITION:** Neutral

**BILL NUMBER:** AB 2545  
**AUTHOR:** H. De La Torre

### **BILL SUMMARY:** Emergency Telephone Users Surcharge Act

Existing law established 911 as the primary emergency telephone number in California. The 911 system is funded by a surcharge of 0.5 to 0.75 percent on amounts paid for intrastate telephone service

This bill would require the California Public Utilities Commission (PUC) to open proceedings or expand the scope of existing proceedings to determine an equitable manner for the collection of the surcharge from users of prepaid mobile telecommunications services.

### **FISCAL SUMMARY**

The PUC indicates that this bill would require three positions part time over 12 months, at a total cost of \$95,000 Public Utilities Commission Utilities Reimbursement Account. Finance notes that because of the limited timeframe of this workload, staffing and related costs would likely be absorbed within existing staff and resources.

### **COMMENTS**

The Department of Finance is neutral on this bill as it would have a minor cost and concerns a policy matter on which we are neutral.

By law, the surcharge which funds this program can only be collected on intrastate calls. When a prepaid card is sold, it is impossible to know what portion will be spent on intrastate calls compared to out-of-state calls. While some mobile service providers estimate this amount, and remit the estimated surcharge to the Board of Equalization, others apparently remit nothing.

This bill would require the PUC to carry out a proceeding to determine an equitable method by which 911 surcharges could be collected from users of prepaid mobile telecommunication services.

Currently, the Board of Equalization collects about \$107 million in 911 surcharge fees annually, most of which is distributed as local assistance to support the system. No information is currently available regarding the annual statewide cost to operate the system, so we cannot determine the relative importance of the increase in revenue that this bill would produce.

### **SUMMARY OF CHANGES**

Amendments to this bill since our analysis of the February 19, 2010 version are minor and do not alter our position. The amendments would clarify the definition of prepaid mobile telecommunication service.

Analyst/Principal (0621) K. DaRosa	Date	Program Budget Manager Karen Finn	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

<b>BILL ANALYSIS</b>	Form DF-43 (Rev 03/95 Buff)
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**BILL NUMBER**

AB 2545

		SO	(Fiscal Impact by Fiscal Year)						
Code/Department	LA	(Dollars in Thousands)							
Agency or Revenue	CO	PROP							Fund
Type	RV	98	FC	2010-2011	FC	2011-2012	FC	2012-2013	Code
8660/PUC	SO	No	C	\$45	C	\$50		--	0462
<u>Fund Code</u>	<u>Title</u>								
0462	Publ Utilities Comm Utilities Reimb Acct								